

• THE INVESTMENT. MARKET

sideration of an immediate payment. Thus if the contract be estimated to cost £100,000, and the stock of that State now stand at 70, the option to sell £100,000 of it at 70 to the dealers may perhaps be purchasable, the delivery to take place when the contract is completed. If the State pay the contractors in full, their protective right to sell the stock need not be exercised: if the State, through an impoverished exchequer or bad faith, discharge only £70,000 of the contract price, the loss involved would be £30,000; but this failure in fulfilment of the State obligation would, in all probability, form part of the State's diminished credit, with a consequent fall in the value of their securities generally: hence the contractors might possibly be able to purchase the £100,000 of the stock at 60 which they had engaged to deliver; sell it to the dealers by exercise of the option at the agreed price of £70,000; and consequently the profit of £10,000 with the portion (£70,000) of the contracted agreement would reduce the ultimate loss from £30,000 to £20,000.

I proceed to explain the meaning of the principal columns of the Official List of Securities quoted on the Exchange. The list is published, under the authority of the Committee of the Stock Exchange, once a day ; and before a company or institution issuing stocks and shares can procure a quotation certain conditions and regulations must be fulfilled to the satisfaction of the Committee. The list of each day's transactions comes out on the same day after the House has closed—being printed and issued between 5 p.m. and 5.30 p.m.

The list does not express or imply to the public that the Committee pronounce any judgment upon the solvency or financial worth of the companies whose names appear; their inclusion simply proves that specified conditions for admission have been complied with. To assume that the insertion of a company's issues in the list should involve an opinion upon its stability would be to suppose a function which would not simply be utterly impracticable, but also entirely valueless. It would, at the best, be merely the judgment of a few men who might not be qualified to

decide; and, however stable an institution might be on admission, it is clear that in the lapse of time virtual bankruptcy might succeed to the highest financial